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To: Environmental Quality Commission

From: Richard Whitman, Director
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Subject: Item F: Oregon Recycling Steering Committee update (Informational)
Dec. 3, 2020, EQC special meeting

Why this is important

In 2018, the Oregon Department of Environmental Quality convened a Recycling Steering Committee in response to disruptions in global and local recycling systems, and recognition that Oregon’s recycling policies were largely created over 30 years ago and may require significant updating. The Recycling Steering Committee is a collaborative of representation from the Association of Oregon Counties, the Association of Oregon Recyclers, the Association of Plastics Recyclers/Denton Plastics, EFI Recycling, Far West Recycling, Lane County, the League of Oregon Cities, Metro, NORPAC, DEQ, the Oregon Refuse & Recycling Association, the City of Portland, The Recycling Partnership, Rogue Disposal & Recycling, Waste Connections, and Waste Management. The committee, which met 27 times between May 2018 and September 2020, was tasked with envisioning what recycling in Oregon should look like in the future, and to identify strategies and actions to achieve that vision. It concluded by finding consensus on a comprehensive proposal. If enacted by the Oregon Legislature, that proposal will improve what recycling services are available in Oregon. It also will alter how those services are managed and paid for, and the responsibility of producers to reduce the environmental impacts of packaging and printed material more broadly.

Prior EQC involvement

DEQ provided an update on the Recycling Steering Committee at the Environmental Quality Commission’s Jan. 23, 2020, meeting.

Recycling is part of the life cycle of materials addressed in *Materials Management in Oregon: 2050 Vision and Framework for Action*. This document, which the commission adopted in 2012, serves as the state’s plan for sustainable materials management. The Recycling Steering Committee’s consensus proposal is consistent with many elements of the *2050 Vision*. Further, while staffing the committee, DEQ implemented several of the priority actions included in the *Framework for Action*.

Background Recycling is the use of waste materials as feedstocks when manufacturing new materials or products. When waste materials displace virgin resources in manufacturing this reduces supply chain impacts from the production and transport of materials, and typically reduces overall energy requirements and air and wastewater emissions.

Oregon's recycling laws focus primarily on the act of collecting recyclables. Statutes require that most cities and counties provide waste generators with an "opportunity to recycle". In more urban areas, this recycling opportunity typically includes education and outreach, and collection of mixed recyclables from households and businesses. Most local governments choose to license or franchise recycling collection to private enterprises, with varying degrees of government oversight. Operators of disposal sites are also required to provide drop-off recycling opportunities. Once collected, mixed recyclables are typically sent to one of several privately owned facilities for sorting before they are sold to end-markets or brokers.

Most of Oregon's existing recycling policies were crafted decades ago, when the recycling process was different than it is now. At that time, households and businesses separated all materials by type, there was minimal processing of materials after collection, the waste stream had far more paper and much less plastic, and more production and end markets were located domestically.

Recycling in Oregon today faces a number of challenges. These include:

- Contamination (unwanted materials) in mixed recyclables has grown to levels that are economically and practically challenging for both processors and end markets. Confusing packaging labels, and inconsistency in material collection practices between different communities, and lack of effective feedback throughout the system all contribute to this problem. Contamination makes recycling more expensive, limits the willingness of end markets to use recyclables as feedstocks, and can contribute to pollution of land, air and water, especially if recyclables are exported and improperly managed.
- Local ratepayers are primarily responsible for funding recycling programs. Volatility in global commodity prices can result in significant cost fluctuation. This volatility, coupled with import restrictions from China and other international markets, has caused most Oregon local governments to reduce the number of materials collected, significantly raise rates, or both.
- The facilities that sort mixed recyclables are not subject to comprehensive state regulations, and economic competition between the facilities can cause unintended consequences, such as improperly sorted recyclables, contamination, and inconsistent working conditions statewide.

- Oregon lacks traceability and accountability when collected materials leave our state. This reinforces growing public mistrust of the system.
- End markets for recyclables are inconsistent – strong for some materials, such as metal, and weaker for others. For example, packaging designers can choose between using recycled plastic or virgin resin. Virgin plastic often is less expensive in part due to its primary feedstock being inexpensive shale gas.
- State law only requires recycling when financial conditions are favorable, yet market prices do not fully reflect the environmental and social benefits of recycling. This results in insufficient funding for recycling programs and inconsistent levels of service across the state.
- Producers, such as brand owners, decide what materials and formats to sell into Oregon. Some design choices hamper the recycling process or cause other environmental harm. Oregon lacks an effective method of providing feedback or incentives to support better design.
- Oregon’s current recycling system is inequitable in its distribution of benefits and burdens.

Responding to these challenges, DEQ convened the Oregon Recycling Steering Committee in 2018 to discuss the longer-term future of recycling in Oregon and make recommendations for modernizing our system. The Steering Committee was facilitated by Oregon Consensus, a program of the National Policy Consensus Center. As expressed in its charter, the goals of the committee were to optimize environmental benefits consistent with the broader goals of Oregon’s *2050 Vision*, create a recovery system that is strong and resilient to changes in supply and demand, and restore and maintain public trust in the system. The Steering Committee aimed to achieve these goals while considering the diversity of needs and available infrastructure across both urban and rural areas.

The committee focused on the materials that are or could be collected as part of Oregon’s “opportunity to recycle” program: paper, plastic, glass and metal. Food waste, yard debris, household hazardous waste, and materials with special recovery pathways, such as tires, paint, and electronic devices, were not a focus of the Steering Committee’s work.

The committee included representatives of local governments, recycling collectors, processors, users of recycled materials, nongovernmental organizations, and DEQ. In addition to chairing the committee, DEQ also commissioned significant research into legal and relational frameworks from other states and nations, recycling infrastructure, and system costs. DEQ conducted groundbreaking research on the environmental impacts of different scenarios to modernize recycling, and calculated the social costs of those impacts in financial terms. DEQ also organized broader engagement with a number of interested or affected parties. This included meetings with over 50 local

governments across the state, and outreach to underrepresented communities, including front-line workers at processing facilities.

While the full Recycling Steering Committee met 27 times, members also participated in focused subgroups to research applicable topics or develop specific policy proposals. These additional forums resulted in close to 100 meetings over a 29-month period. Despite disruptions associated with the COVID-19 pandemic, committee members worked through a number of difficult topics. At their final meeting, in September 2020, committee members registered strong consensus, with no opposition, for a comprehensive proposal to significantly modernize recycling in Oregon.

DEQ joined other committee members in supporting the proposal, as it meets the objectives contained in the committee’s charter and is consistent with Oregon’s *2050 Vision*. With the Recycling Steering Committee now adjourned, DEQ has begun work on a legislative concept that incorporates the recommendations of the committee. This draft legislative concept, if ultimately introduced as a bill and passed into law during the 2021 Oregon legislative session, will represent the most wide-ranging update to Oregon’s recycling policies in at least three decades.

Key policy issues and proposals

The committee’s proposal assigns shared responsibility between existing system partners and producers, such as brand owners. It maintains the roles of existing system actors, while adding to the responsibilities of local governments, processors, and DEQ. Producers of packaging and printing paper are also given new responsibilities, including providing much of the funding necessary to pay for system improvements. Ratepayers will continue to pay for recycling services, although some costs will be shared by producers. Like Oregon’s extended producer responsibility laws for electronic waste, paint, and unwanted drugs, the producer responsibility requirements will apply to producers of items *sold* into Oregon, as opposed to those *made* in Oregon. Importantly, this helps to maintain a level playing field between in-state producers and out-of-state competition.

1. Reduce public confusion and expand access to recycling opportunities

New “truth in labeling” requirements will prohibit misleading packaging labels that often confuse the public and contribute to contamination. Oregon’s existing patchwork of inconsistent local collection programs will be replaced with a more uniform system: local governments will retain control of collection, but will be obligated to collect materials on a uniform, statewide list. In some communities, this will likely increase the number of materials accepted for recycling.

Collection opportunities will also expand to more people, with a special focus on people who live in multifamily housing and people and businesses that currently have garbage collection service but not recycling collection. Households and

businesses will benefit from more consistent feedback provided by local governments and processors to help everyone reduce contamination.

Producers will be primarily responsible for funding these improvements in collection services. Producers will also reimburse the cost of transporting collected recyclables from more distant communities to the processing facilities, which are concentrated in the Portland-Salem corridor. This will help equalize the cost of providing recycling collection across the state. Producers will also operate or fund expanded drop-off centers and collection events for recyclable materials, such as film plastics, that cannot be collected mixed with other materials in on-route collection service.

2. New permitting or certification standards for processing facilities

New standards for processing facilities will help ensure that contaminants are effectively removed and that properly prepared materials are sorted appropriately and directed to a responsible end market. Post-processing disclosure standards will provide greater transparency and accountability. Producers will work with processors to ensure that materials on the uniform statewide collection list, once collected, are sorted effectively and recycled responsibly. This producer responsibility and cost sharing will protect ratepayers and local governments from the risks and impacts of down markets and market volatility.

3. Advancement of social equity

The committee's proposal advances social equity in several ways. New financing from producers will expand collection services and underwrite the cost of transporting recyclables from communities that are more distant, resulting in greater access and service across Oregon. New standards will require periodic equity assessments of the system; continuous improvement in working conditions, compensation, and advancement opportunities for processing facility workers; and advancing economic opportunities for businesses owned by women and people of color. New permitting and end market requirements will help to reduce the impacts of processing facilities on local neighbors, and of inadequate sorting on end-market communities.

4. Additional policies to reduce environmental impacts across the full life cycle of materials

Consistent with the more holistic perspective of Oregon's *2050 Vision*, the committee has also recommended a set of policies. Like other extended producer responsibility programs, individual producers will satisfy most of their obligations by joining and paying fees to a producer responsibility organization. Those fees will be "eco-modulated", or adjusted to provide incentives for favorable design (e.g., use of recycled content) and disincentives for unfavorable design (e.g., embedded toxics). The committee's proposal also assigns new responsibilities to producers to reduce marine debris and litter, and to help fund local initiatives in waste prevention and reuse.

5. Provisions for state oversight, accountability and stakeholder input

Producer responsibility organizations will need DEQ approval of program plans and annual reports. New reporting requirements and authority to conduct both physical and financial audits will provide greater accountability. A proposed Recycling Advisory Council, including members representing local governments, recyclers, environmental interests, small businesses, and historically marginalized communities, will also ensure ongoing consultation with diverse stakeholders. The council will conduct open and transparent review of issues involving producer responsibility and system integration to help protect the public interest.

Next steps While the Recycling Steering Committee made significant progress in developing its policy proposal, some important details were left unresolved. Further, some important stakeholders, such as producers and representatives of environmental advocacy groups, were not included among the committee's membership. Others, such as Oregon's many local governments, seek to better understand the proposal and how it will affect them. For these reasons, DEQ is planning significant additional effort through this fall to review the draft Legislative Concept and discuss possible amendments with interested parties.

EQC involvement DEQ staff will attend the Dec. 3, 2020, commission special meeting to provide additional information and answer questions about the Recycling Steering Committee process and outcome. DEQ also welcomes any comments or feedback on the project and recycling issues.

Supporting materials

- A. [Recycling Steering Committee webpage](#)
- B. [Recycling Steering Committee Charter](#)
- C. [Recycling Steering Committee consensus proposal](#)

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